

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUND
Statements of Revenues, Expenses, and
Changes in Net Assets —Internal Service Funds
YTD as of August 31, 2013

9/24/2013

	YTD 8/31/2013	Full Year 6/30/2013	Full Year 6/30/2012	Full Year 6/30/2011
Operating revenues:				
Operating income	\$ 22,981,831	\$ 127,596,532	\$ 122,941,566	119,211,913
Other income				884
Investment income	323	284,792	443,209	498,476
Total operating revenues	\$ 22,982,154	\$ 127,881,324	\$ 123,384,775	\$ 119,711,273
Operating expenses:				
Losses and loss expenses	20,214,930	111,466,605	114,179,304	111,900,464
All other expenses	1,318,052	7,771,150	7,060,881	8,621,004
Total operating expenses	\$ 21,532,982	\$ 119,237,755	\$ 121,240,185	\$ 120,521,468
Nonoperating revenues:				
Capital contributions	0	0	0	49,990
Transfers to Other Funds	0	0	0	(1,380,291)
Short-Term Disability Rebate	(6,098,688)			
Loss on disposal of capital assets	0	0	0	(3,273)
Total nonoperating revenues	\$ (6,098,688)	\$ -	\$ -	\$ (1,333,574)
Change in net assets	(4,649,516)	8,643,569	2,144,590	(2,143,769)
Total net assets - Beginning	51,811,292	43,167,723	41,023,133	43,166,902
Total net assets - Ending	\$ 47,161,776	\$ 51,811,292	\$ 43,167,723	\$ 41,023,133

Maricopa County
Employee Benefits Trust Funds
Statements of Net Assets - Internal Service Funds
August 31, 2013, June 30, 2013, June 30, 2012, and June 30, 2011

	8/31/2013	6/30/2013	6/30/2012	6/30/2011
Assets				
Cash and cash equivalents	\$ 55,078,317	\$ 60,786,170	\$ 60,636,639	\$ 57,181,449
Interest receivable	81,633	81,633	42,598	3,563
Accounts receivable	759,017	848,755	924,206	898,195
Due from Other Departments	462,149			
Prepaid insurance	1,456,826	2,606,982	1,411,102	852,807
Capital assets, net	0	0	0	0
	\$ 57,837,942	\$ 64,323,540	\$ 63,014,545	\$ 58,936,014
Liabilities				
Accounts payable	124,359	586,562	88,404	124,271
Accrued Liabilities	2,093,598	3,503,710	5,554,366	2,382,967
Employee compensation payable	157,344	135,030	3,268,085	3,290,574
Reserve for losses and loss expenses	8,300,866	8,286,947	10,935,968	12,115,069
Total liabilities	\$ 10,676,168	\$ 12,512,249	\$ 19,846,823	\$ 17,912,881
Net Assets				
Invested in capital assets	0		0	0
Unrestricted (deficit)	47,161,775	51,811,292	43,167,723	41,023,133
Total net assets (deficit)	\$ 47,161,775	\$ 51,811,292	\$ 43,167,723	\$ 41,023,133

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Fund Balance Roll-Forward
Two Months Ended August 31, 2013

Self Insured Funds

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance 7/1/2013</u>	<u>Fund Balance 8/31/2013</u>
601-CMG MEDICAL	\$ 7,438,414	\$ 8,207,645	\$ 769,231	\$ 1,475,417	\$ 2,244,648
604-OAP MEDICAL	5,833,545	6,381,636	548,091	737,741	1,285,832
606-CHOICE FUND H.S.A.	3,615,818	3,368,610	(247,208)	759,564	512,356
Total Medical & BH	\$ 16,887,777	\$ 17,957,891	\$ 1,070,115	\$ 2,972,722	\$ 4,042,837
608-COINSURANCE PHARMACY	2,329,044	2,549,810	220,766	20,748,703	20,969,469
619-ONSITE PHARMACY CLINIC *	288,203	260,308	(27,894)	(372,426)	(400,320)
620-BENEFITS ELIMINATIONS	(173,232)	(173,232)	0	0	0
Total Pharmacy	\$ 2,444,014	\$ 2,636,886	\$ 192,871	\$ 20,376,277	\$ 20,569,148
614-BEHAVIORAL HEALTH	232,969	281,301	48,332	5,116,294	5,164,626
629-SI DENTAL	757,366	758,488	1,122	5,122,173	5,123,295
623-VISION	261,606	284,664	23,058	54,125	77,183
615-WELLNESS	93,012	234,037	141,024	3,820,637	3,961,661
618-BENEFIT ADMINISTRATION	399,663	492,406	92,743	5,751,269	5,844,012
999-BENEFITS CLEARING		0	0		0
Total Other	\$ 1,744,616	\$ 2,050,896	\$ 306,280	\$ 19,864,498	\$ 20,170,778
Grand Total	\$ 21,076,407	\$ 22,645,673	\$ 1,569,266	\$ 43,213,497	\$ 44,782,763

Employee Self Insured Funds

611-60 PERCENT STD	392,599	254,987	(137,612)	6,591,991	355,691
612-50 PERCENT STD	51,887	56,803	4,916	1,242,785	1,247,701
613-40 PERCENT STD	12,089	24,691	12,602	763,016	775,618
Total STD	\$ 456,575	\$ 336,481	\$ (120,094)	\$ 8,597,792	\$ 2,379,010
Total Self-Insured Ex Rebate	\$ 21,532,982	\$ 22,982,154	\$ 1,449,172	\$ 51,811,289	\$ 47,161,773
Short-Term Disability Rebate	6,098,688		(6,098,688)		
Total Self-Insured	\$ 27,631,670	\$ 22,982,154	\$ (4,649,516)	\$ 51,811,289	\$ 47,161,773

Fully Insured (Agency) Funds

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance 7/1/2013</u>	<u>Fund Balance 8/31/2013</u>
607-FI DENTAL PPO	\$ 871,901	\$ 873,349	\$ 1,448	\$ 77,526	\$ 78,974
625-FI PREPAID DENTAL	38,467	39,394	927	109,386	110,313
Total Dental	\$ 910,368	\$ 912,743	\$ 2,374	\$ 186,912	\$ 189,286
621-FLEX SPENDING HEALTH	598,363	350,545	(247,819)	0	(247,819)
622-FLEX SPENDING DEP CARE	47,502	130,365	82,863	0	82,863
Total FSA	\$ 645,866	\$ 480,910	\$ (164,955)	\$ -	\$ (164,955)
626-FI LIFE AND AD AND D	64,304	64,420	117	40,664	40,781
627-SUPPLEMENTAL LIFE	564,991	571,233	6,242	238,311	244,553
630-DEPENDENT LIFE	58,001	58,330	330	9,889	10,219
Total Life and AD&D	\$ 687,296	\$ 693,984	\$ 6,688	\$ 288,864	\$ 295,552
628-EMPLOYEE ASSISTANCE	64,551	64,708	157	1,051	1,208
631-VOLUNTARY BENEFITS	146,671	147,330	659	3,952	4,611
632-CIGNA FOR SENIORS	87,574	87,189	(385)	73,236	72,851
Total Others	\$ 298,796	\$ 299,227	\$ 432	\$ 78,239	\$ 78,671
Total Agency Funds	\$ 2,542,325	\$ 2,386,864	\$ (155,461)	\$ 554,015	\$ 398,554

Note:

Onsite Pharmacy Clinic
 * Flu Shot Savings

57,568

Employee Benefits Trust Funds

9/24/2013

Balance Sheet Details

August 31, 2013, June 30, 2013, June 30, 2012, and June 30, 2011

	8/31/2013	6/30/2013	6/30/2012	6/30/2011
<u>Accounts receivable</u>				
<i>COBRA Receivable</i>	\$ 139,374	\$ 174,040	\$ 164,058	\$ 109,355
<i>Vision</i>	1,954	1,057	1,057	1345
<i>Dental</i>	3,237	1,154	1,154	2652
0	0			
<i>WHI Rebate</i>	614,452	672,504	757,936	784,843
Total Accounts receivable	\$ 759,017	\$ 848,755	\$ 924,206	\$ 898,195
<u>Prepaid insurance</u>				
<i>STD</i>	\$ 87,530	\$ 87,530	\$ 94,567	\$ 97,716
<i>Vision</i>	0	0	4,989	4,856
<i>Dental</i>	60,697	17,190		
<i>Medical</i>	1,308,599	2,502,262	1,311,547	750,235
Total prepaid insurance	\$ 1,456,826	\$ 2,606,982	\$ 1,411,103	\$ 852,807
<u>Accounts payable</u>				
<i>Medical</i>	\$ -	\$ -	\$ -	\$ -
<i>Behavioral Health</i>	0	65,355	38,030	32,500
<i>Vision</i>	0	147,547		300
<i>Dental</i>				
<i>STD</i>	(0)	13,978	11,929	13,007
<i>614-BEHAVIORAL HEALTH</i>	(0)	0	5,754	16,705
<i>616-CONTRACT ADMINISTRATION</i>	0	0	23,474	37,543
<i>615-WELLNESS</i>	14,267	18,399	9,218	24,217
<i>623-VISION</i>	110,092	105,707		
<i>619-ONSITE PHARMACY CLINIC</i>	0	102,894		
Total accounts payable	\$ 124,359	\$ 453,879	\$ 88,405	\$ 124,272
<u>Accrued Liabilities</u>				
<i>Medical</i>	\$ 1,049,752	\$ 1,664,741	\$ 2,846,956	\$ 1,470,817
<i>Pharmacy</i>	605,481	524,517	625,425	650,525
<i>Behavioral Health</i>	65,000	65,355	0	
<i>Vision</i>	0	(132,683)		0
<i>Dental</i>	195,230	157,837	139,519	261,625
<i>STD</i>	17,499	0		
<i>615-WELLNESS</i>	0			
<i>618-BENEFIT ADMINISTRATION</i>	80,337	0		
<i>619-ONSITE PHARMACY CLINIC</i>	80,300			
0				
<i>999-BENEFITS CLEARING</i>	0	1,223,942	1,942,466	
<i>HEALTH SELECT SI TRUST</i>				
Total Accrued Liabilities	\$ 2,093,598	\$ 3,503,710	\$ 5,554,366	\$ 2,382,967
<u>Employee compensation payable</u>				
<i>Consumer Choice Pharmacy Employee Allo</i>	\$ -	\$ 6,609	\$ 3,122,217	\$ 3,122,217
<i>618-Employee compensation payable</i>	139,923	128,422	145,869	124,553
<i>615-Employee compensation payable</i>	17,421			
				43,804
Total Employee Comp Accrual	\$ 157,344	\$ 135,031	\$ 3,268,086	\$ 3,290,574
<u>Reserve for losses and loss expenses -IBNR Details</u>				
<i>Medical</i>	\$ 7,009,699	\$ 6,995,779	\$ 9,788,419	\$ 10,991,704
<i>Pharmacy</i>				
<i>Behavioral Health</i>	293,592	293,592	231,766	178,642
<i>Vision</i>	161,597	161,597	107,576	91,554
<i>Dental</i>	466,041	466,041	484,345	409,517
<i>STD</i>	369,937	369,937	323,861	443,654
Total Reserve for losses and loss exen	\$ 8,300,866	\$ 8,286,946	\$ 10,935,967	\$ 12,115,071

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Two Months Ended August 31, 2013

Self Insured Funds

Fund	Budget	Actual	Variance	Variance %
Revenue				
601-CMG MEDICAL	\$ 8,833,038	\$ 8,207,645	\$ (625,393)	-7.08%
604-OAP MEDICAL	5,974,780	6,381,636	406,856	6.81%
606-CHOICE FUND H.S.A.	2,576,153	3,368,610	792,457	30.76%
614-BEHAVIORAL HEALTH	291,632	281,301	(10,331)	-3.54%
Total Medical & BH	\$ 17,675,603	\$ 18,239,192	563,589	3.19%
629-SI DENTAL	717,613	758,488	40,875	5.70%
Total Dental	\$ 717,613	\$ 758,488	40,875	5.70%
608-COINSURANCE PHARMACY	2,634,633	2,549,810	(84,823)	-3.22%
619-ONSITE PHARMACY CLINIC	289,334	260,308	(29,026)	-10.03%
620- BENEFITS ELIMINATIONS	(207,500)	(173,232)	34,268	-16.51%
Total Pharmacy	\$ 2,716,467	\$ 2,636,886	(113,849)	-4.19%
623-VISION	275,774	284,664	8,890	3.22%
Total Vision	\$ 275,774	\$ 284,664	8,890	3.22%
615-WELLNESS	227,134	234,037	6,903	3.04%
618-BENEFIT ADMINISTRATION	472,528	492,406	19,878	4.21%
Total Other	\$ 699,662	\$ 726,443	26,781	3.83%
Grand Total	\$ 22,085,119	\$ 22,645,673	\$ 560,554	2.54%

Employee Self Insured Funds

611-60 PERCENT STD	\$ 234,690	\$ 254,987	\$ 20,297	8.65%
612-50 PERCENT STD	50,760	56,803	6,043	11.91%
613-40 PERCENT STD	23,696	24,691	995	4.20%
Total STD	\$ 309,146	\$ 336,481	27,335	8.84%
Total Revenue	\$ 22,394,265	\$ 22,982,154	587,889	2.63%

Expenses

601-CMG MEDICAL	\$ 9,052,172	\$ 7,438,414	\$ 1,613,758	17.83%
604-OAP MEDICAL	6,385,765	5,833,545	552,220	8.65%
606-CHOICE FUND H.S.A.	2,673,559	3,615,818	(942,259)	-35.24%
614-BEHAVIORAL HEALTH	291,630	232,969	58,661	20.12%
Total Medical & BH	\$ 18,403,126	\$ 17,120,745	\$ 1,282,381	6.97%
629-SI DENTAL	744,747	757,366	(12,619)	-1.69%
Total Dental	\$ 744,747	\$ 757,366	(12,619)	-1.69%
608-COINSURANCE PHARMACY	2,491,702	2,329,044	162,658	6.53%
619-ONSITE PHARMACY CLINIC	289,334	288,203	1,131	0.39%
620- BENEFITS ELIMINATIONS	(207,500)	(173,232)	(34,268)	16.51%
Total Pharmacy	\$ 2,573,536	\$ 2,444,014	129,522	5.03%
623-VISION	484,443	261,606	222,837	46.00%
Total Vision	\$ 484,443	\$ 261,606	222,837	46.00%
615-WELLNESS	103,504	93,012	10,492	
618-BENEFIT ADMINISTRATION	435,036	399,663	35,373	8.13%
Total Other	\$ 538,540	\$ 492,675	\$ 45,865	8.52%
Grand Total	\$ 22,744,392	\$ 21,076,407	\$ 1,667,985	7.33%

Employee Self Insured Funds

611-60 PERCENT STD	\$ 6,434,690	\$ 6,491,287	\$ (56,597)	-0.88%
612-50 PERCENT STD	50,760	51,887	(1,127)	-2.22%
613-40 PERCENT STD	23,696	12,089	11,607	48.98%
Total STD	\$ 6,509,146	\$ 6,555,263	\$ (46,117)	-0.71%
Total Self-Insured	\$ 29,253,538	\$ 27,631,670	\$ 1,621,868	5.54%

\$6,555,263

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Financial Commentary
August 2013

August 2013 Year-To-Date Results

As of August 31, 2013, cash and cash equivalents were \$55,078,317 as compared to the June 30, 2013 balance of \$60,786,170; a decline of \$5,707,852. Cash not included in this account is shown in the prepaid insurance balance sheet account. This was \$1,456,826 as of August 31st versus a balance of \$2,606,982 on June 30, 2013; a reduction of \$1,150,156. Prepaid insurance consists of the funding the Trust transfers to outside bank accounts to pay for Cigna medical claims and the employer contribution to employee Health Savings Accounts via sweeps. The combined reduction in cash-like balances was \$6,858,008.

Net Loss on a year-to-date basis through July 2013 was \$4,649,516 which was due primarily to the payout of the Short-Term Disability Rebate of \$6,098,688 in August. Net Loss was not in line with the decrease in cash-like balances of \$6,858,008. This \$2,168,492 difference (or reduction in cash versus margin) is accounted for as follows: There was a reduction for the accrued liability of the cost allocation clearing account of \$1,686,091. This account is used to account for the difference between what departments are charged for benefits and what the Benefit Trust records as Revenues from the departments. This account is shown on the Balance Sheet as Due from Other Departments of \$462,149 as of 8/31/2013. As of 6/30/2013 it was shown in Accrued Liabilities as 999-Benefits Clearing of \$1,223,942. Other reductions in cash occurred as there was a reduction in Medical Checks Outstanding of \$614,989 and accounts payable declined by \$332,520.

Review of the Fund Balance Roll-Forward

The three Medical Plans are showing Net Margin of \$1,070,115 through the two months ended August 2013. This profit is planned for and expected in the summer months as claims traditionally are low in the summer and high in the winter. It should be pointed out that the HDHP plan, Choice Fund H.S.A has lost \$247,208 through August 2013. This shows that it has recovered most of the payout of the employer contribution to the Health Savings Accounts of approximately \$1,500,000 being paid in July.

The Coinsurance Pharmacy Plan is showing net margin of \$220,766. This is higher than anticipated due to the conservative approach taken to set premium rates for Plan Year 2014.

The Short-Term Disability Rebate of \$6,098,688 was paid in the month of August to plan members for Plan Years 2008 to 2011. This has been segregated on the Fund Balance Roll forward to isolate it from normal operations. On an operating basis, the Short-Term Disability Plan lost \$120,094 for the two months ended August 2013 bringing fund balance down to \$2,379,011. This loss was expected as the waiting period for benefits was reduced from three weeks to two weeks for Plan Year 2014. What was not taken into account was the five per cent wage increase in July 2013 which combined with promotions and turnover results in a salary base that is approximately eight per cent higher than last year. Benefits paid are directly affected by salary levels. The Short-Term Disability trend could result in a loss of as much of \$600,000 for the short-term disability plans in Fiscal Year 2014 which would bring fund balance down to \$1,900,000 by the end of the year.